



JOINT READINESS TRAINING CENTER AND FORT POLK  
CIVILIAN PERSONNEL ADVISORY CENTER  
FORT POLK, LOUISIANA 71459-5341

*"ARMY CIVILIAN PERSONNEL PROFESSIONALS--  
HELPING LEADERS MEET THE MISSION"*



CPAC INFORMATION BULLETIN  
NUMBER 32

JANUARY 2001

**HAPPY NEW YEAR**

**WHITE COLLAR WORKERS  
GET PAY RAISE**

Good News for Fort Polk's White Collar Employees!

- Effective 14 January 2001, all Fort Polk employees paid from Salary Table 2001-RUS, the General Schedule Locality Pay Schedule, will receive a pay adjustment.

- The executive order approving pay raises for all General Schedule (white collar) workers throughout the nation on the basis of geographical localities was signed by the president on 23 December 2000. Fort Polk falls within the "catch-all" locality designated as "Rest of the United States" or "RUS". The raise for this locality incorporates a 2.70% General Schedule increase and a "net" locality payment of 0.87% for a total net increase of 3.57%. The pay adjustment for RUS is effective the first day of the first pay period beginning on or after 1 January 2001. For Fort Polk employees, the effective date is 14 January 2001.

- Non-Appropriated Fund (NAF) employees NF levels 3 through 5, all CC Pay Band employees, and remaining Universal Annual employees in this area will also receive a locality pay increase in consonance with changes to the General Schedule.

**SALARY TABLE 2001-RUS**  
General Schedule Locality Rates of Pay For  
REST OF U.S. \*  
Effective 14 Jan 2001

Annual Rates for Steps (in dollars)										
	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10
GS-1	15,338	15,849	16,360	16,867	17,378	17,679	18,181	18,689	18,709	19,187
GS-2	17,245	17,654	18,226	18,709	18,920	19,477	20,034	20,591	21,147	21,704
GS-3	18,816	19,443	20,069	20,696	21,323	21,949	22,576	23,203	23,830	24,456
GS-4	21,123	21,827	22,531	23,235	23,939	24,644	25,348	26,052	26,756	27,461
GS-5	23,633	24,421	25,209	25,997	26,785	27,574	28,362	29,150	29,938	30,726
GS-6	26,342	27,219	28,097	28,975	29,852	30,730	31,607	32,485	33,362	34,240
GS-7	29,273	30,248	31,224	32,200	33,175	34,151	35,126	36,102	37,077	38,053
GS-8	32,419	33,500	34,581	35,663	36,744	37,825	38,906	39,987	41,068	42,149
GS-9	35,808	37,001	38,194	39,387	40,580	41,773	42,966	44,160	45,353	46,546
GS-10	39,433	40,748	42,063	43,378	44,693	46,007	47,322	48,637	49,952	51,266
GS-11	43,326	44,770	46,214	47,658	49,102	50,546	51,990	53,434	54,878	56,322
GS-12	51,927	53,657	55,387	57,118	58,848	60,579	62,309	64,039	65,770	67,500
GS-13	61,749	63,808	65,867	67,926	69,984	72,043	74,102	76,161	78,220	80,279
GS-14	72,969	75,402	77,834	80,267	82,699	85,132	87,564	89,997	92,429	94,862
GS-15	85,832	88,693	91,554	94,415	97,276	100,137	102,998	105,859	108,720	111,581

INCORPORATING THE 2.70% GENERAL SCHEDULE INCREASE AND A LOCALITY PAYMENT OF 7.68% FOR THE LOCALITY PAY AREA OF REST OF U.S. (Net Increase: 3.57%)

**SALARY TABLE 2001-RUS**  
General Schedule Locality Rates of Pay For  
REST OF U.S. \*  
Effective 14 January, 2001

HOURLY BASIC (B) Rates by Grade and Step										
HOURLY OVERTIME (O) Rates by Grade and Step										
Grade	Rates for Steps (in dollars)									
	1	2	3	4	5	6	7	8	9	10
1	B 7.35	7.59	7.84	8.08	8.33	8.47	8.71	8.95	8.96	9.19
	O 11.03	11.39	11.76	12.12	12.50	12.71	13.07	13.43	13.44	13.79
2	B 8.26	8.46	8.73	8.96	9.07	9.33	9.60	9.87	10.13	10.40
	O 12.39	12.69	13.10	13.44	13.61	14.00	14.40	14.81	15.20	15.60
3	B 9.02	9.32	9.62	9.92	10.22	10.52	10.82	11.12	11.42	11.72
	O 13.53	13.98	14.43	14.88	15.33	15.78	16.23	16.68	17.13	17.58
4	B 10.12	10.46	10.80	11.13	11.47	11.81	12.15	12.48	12.82	13.16
	O 15.18	15.69	16.20	16.70	17.21	17.72	18.23	18.72	19.23	19.74
5	B 11.32	11.70	12.08	12.46	12.83	13.21	13.59	13.97	14.34	14.72
	O 16.98	17.55	18.12	18.69	19.25	19.82	20.39	20.96	21.51	22.08
6	B 12.62	13.04	13.46	13.88	14.30	14.72	15.14	15.57	15.99	16.41
	O 18.93	19.56	20.19	20.82	21.45	22.08	22.71	23.36	23.99	24.62
7	B 14.03	14.49	14.96	15.43	15.90	16.36	16.83	17.30	17.77	18.23
	O 21.05	21.74	22.44	23.15	23.85	24.54	25.25	25.95	26.66	27.35
8	B 15.53	16.05	16.57	17.09	17.61	18.12	18.64	19.16	19.68	20.20
	O 23.30	24.08	24.86	25.64	26.42	27.18	27.96	28.34	28.34	28.34
9	B 17.16	17.73	18.30	18.87	19.44	20.02	20.59	21.16	21.73	22.30
	O 25.74	26.60	27.45	28.31	28.34	28.34	28.34	28.34	28.34	28.34
10	B 18.89	19.52	20.15	20.78	21.41	22.04	22.67	23.30	23.93	24.56
	O 28.34*	28.34	28.34	28.34	28.34	28.34	28.34	28.34	28.34	28.34
11	B 20.76	21.45	22.14	22.84	23.53	24.22	24.91	25.60	26.30	26.99
	O 28.34	28.34	28.34	28.34	28.34	28.34	28.34	28.34	28.34	28.34
12	B 24.88	25.71	26.54	27.37	28.20	29.03	29.86	30.68	31.51	32.34
	O 28.34	28.34	28.34	28.34	28.34	28.34	28.34	28.34	28.34	28.34
13	B 29.59	30.57	31.56	32.55	33.53	34.52	35.51	36.49	37.48	38.47
	O 28.34	28.34	28.34	28.34	28.34	28.34	28.34	28.34	28.34	28.34
14	B 34.96	36.13	37.29	38.46	39.63	40.79	41.96	43.12	44.29	45.45
	O 28.34	28.34	28.34	28.34	28.34	28.34	28.34	28.34	28.34	28.34
15	B 41.13	42.50	43.87	45.24	46.61	47.98	49.35	50.72	52.09	53.46
	O 28.34	28.34	28.34	28.34	28.34	28.34	28.34	28.34	28.34	28.34

INCORPORATING THE 2.70% GENERAL SCHEDULE INCREASE AND A LOCALITY PAYMENT OF 7.68% FOR THE LOCALITY PAY AREA OF REST OF U.S. (Net Increase: 3.57%) MAXIMUM OVERTIME RATE (GS-10 STEP 01): \$28.34

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## MODERN DEFENSE CIVILIAN PERSONNEL DATA SYSTEM (MDCPDS)

What is it? How will it operate? What are its benefits? What are its features? All are questions we have been asked. Well, here are the answers.

**MODERN DCPDS** is an automated information system designed to support civilian personnel management throughout the Department of Defense (DoD).

Designed to be a single information system for all DoD civilian employees, the modern DCPDS supports appropriated fund, nonappropriated, fund and local national civilian personnel operations.

The modern DCPDS capitalizes on new technology to improve and simplify:

- Processing personnel actions
- Accessing civilian workforce information
- Standardizing the management of civilian personnel services
- Automating the staff process with the use of RESUMIX® (applicant rating and referral system)

**MODERN DCPDS** will operate via a network environment. Information will flow from a supervisor or manager through a CPAC and finally to its respective CPOC via servers located at each CPOC. The CPOC will house two database servers. One server will handle the generation of personnel actions (the database of records) and another will handle Regional Application Reports. Regional servers will feed data to the DoD Corporate Management Information System, FASCLASS, Resumix®, the CPACs, and the HQDA Database.



## Benefits of the Modern DCPDS

- Allows immediate access to current civilian personnel data by managers and personnelists
- Improves processing efficiency
- Supports standardization of civilian personnel data, processing and management
- Supports organizational decision-making and reporting requirements

## Features of the Modern DCPDS

- Provides state-of-the-art technology
- Standard windows format with easy point-and-click maneuvering, menus, drop down lists, and other on-line help features
- Reduces duplicate data-entry and redundant operations. With its relational database, data already input will flow and display wherever it is needed
- Enables electronic routing and instant on-line access to current information
- Can initiate personnel and training requests for employees

## Deployment of MODERN DCPDS

Army's Pacific Region began using this new Human Resource information system to process personnel actions and maintain workforce data in October 1999 as one of three Department of Defense (DoD) test sites.

Deployment throughout the DoD was scheduled for completion by March 2001, with Fort Polk deploying 2 February 2001. Deployment of MODERN has now been indefinitely delayed until further notice.



## COMMERCIAL ACTIVITIES UPDATE



As a part of our continuing effort to keep the workforce informed, this serves as an update regarding the Commercial Activities (CA) Program. It is intended to focus upon the actions being taken by the Civilian Personnel Advisory Center (CPAC) and its Civilian Personnel Operations Center (CPOC) partners to prepare the Command to implement the CA decision.

By way of some background information, please recall that since late 1995, the Department of Defense (DOD) has encouraged the services and the Defense agencies to conduct cost comparison studies as provided for in the Office of Management and Budget Circular A-76. Under the A-76 process, otherwise known as competitive sourcing, Defense components study commercial activities being performed by government personnel to determine whether it would be more cost-effective to maintain the activities in-house or to contract with the private sector for their performance. By studying activities involving about 203,000 positions, DoD expects to achieve about \$9.2 billion in savings during the fiscal year 1997-2005 period and \$2.8 billion in annual recurring savings after Fiscal Year 2005.



In September 1997, Fort Polk was selected by the Department of the Army to conduct a whole base CA study of its Garrison activities. The review is looking at all contractible functions to determine the most efficient, cost-effective performance method. The Commercial Activity Proposed Action Summary (CPAS) was sent to Congress in November 1997. The Management Study began in June of 1998. The initial decision is expected in November 2001.

Regardless of the outcome of the CA decision, a Reduction-in-Force (RIF) will be required to implement it. The RIF will either implement the Fort Polk Most Efficient Organization (MEO), if it is the winner, or its Residual Efficient Organization (REO), if a contractor is the winner. The size of the RIF will be contingent upon the outcome of the CA decision. If the in-house workforce wins, the RIF will be small. Conversely, if the contractor wins, the RIF will be major.



In an effort to minimize any adverse impacts of the impending RIF, Fort Polk has already successfully employed a number of strategies designed to (1) limit the necessity for multiple RIFs; (2) effect only one RIF; and (3) strike a proper balance between mission accomplishment and taking care of people. That is, we employed strategies designed to transform our vision of "People First - Mission Always" into a reality. Among those employed were:

- Maximized the use of attrition to help facilitate the execution of mandated reductions.
- Established a Position Management Group to monitor and manage strength, staffing and position management issues.
- Stabilized payroll costs by limiting position and organizational changes and restricting job audits designed to cause upgrades.
- Restricted hiring of permanent employee to "hard to fill" and "critical" positions.
- Maximized the use of details and temporary promotions to cover staffing shortfalls.
- Stockpiled vacancies by maximizing the use of temporary and term employees.

- Secured funding to support Voluntary Separation Incentive Payments for those opting to retire to save an individual who might be otherwise separated or adversely affected by RIF.
- Froze hiring when necessitated to achieve mandated cuts in staffing.
- Partnered with the Unions.
- Used multi-media to keep the workforce informed.

Thanks to the cooperation of the Unions these strategies will be continued as required until we execute the RIF.



The CPAC's planning efforts are in three phases. Phase I is intended to accomplish those actions necessary to preposition the Realignment Fact Sheet and Voluntary Early Retirement package so that it is ready for transmission to Headquarters Forces Command upon announcement of the initial decision. Phase II will document those actions required to mechanically run the RIF and Phase III those actions required for out placement of employees adversely affected and completion of various reports.

The areas of priority emphasis during Phase I of our RIF planning efforts are:

- Fulfill the Command's Labor Relations Obligations.
- Communicate regularly and consistently with the Workforce.
- Ensure the accuracy of the data base.
- Timely complete Realignment Fact Sheet and VERA Request

Our Phase I RIF planning major events timeline is as follows:

- Nov 00 - Mar 01  
Data System Clean-Up/Review

- Dec 00  
Finalize MEO Job Descriptions
- Feb 01  
Finalize REO Job Descriptions
- Mar 01  
VERA/VSIP/Volunteer Canvas
- Apr 01 - Jul 01  
Prepare and Conduct MOCK RIF
- Aug 01 - Oct 01  
Prepare Realignment Fact Sheet & VERA Request & Synchronize Civilian Execution Plan
- Nov 01  
Transmit Realignment Fact Sheet and VERA Request

We are working in concert with our CPOC partners to ensure that "People First - Mission Always" is a reality even in this process. Of course, we will keep you informed as developments occur.



## TSP CONTRIBUTION LIMITS ON THE RISE!



In a surprise move Congress has passed a budget package that includes a raise in contribution limits to TSP. The TSP action was included in the Labor/HHS/Education Public Law 106-1033. The measure raises the maximum amounts that can be deducted from employee's salaries each pay period to 11 percent for FERS employees and 6 percent for CSRS employees. Employees may elect to raise their contributions up to the new limit effective with the TSP open season that begins May 15, 2001. The contribution limits will rise by another point to 12 percent for FERS and 7 percent for CSRS employees the following open season



beginning November 15, 2001. The TSP investment limit will rise by 1 percentage point at the start of each fiscal year until 2005 when it will reach 15 percent for FERS and 10 percent for CSRS. The percentage limits will be abolished in fiscal 2006. The phase in of higher limits was necessary to avoid arguments posed by some in Congress and some federal agencies that higher contributions create a significant loss in tax revenue as TSP contributions are made with pre-taxed earnings. The Federal Retirement Thrift Investment Board (FRTIB) has not yet released details as to what actions will be necessary by employees to raise their existing limits. A safe assumption is that this election will be affected the same as any other open season election. Details will be provided as soon as they are released.



The IRS elective deferral limit for 2001 will remain at \$10,500. The Thrift Investment Board has announced that this means the dollar cap that applies to investments in the Thrift Savings Plan will remain at its current level of \$10,500.

The limit, set by the IRS on investments in tax-favored plans, affects only FERS employees whose salaries exceed \$105,000. The cap prevents these employees from investing at the maximum 10% rate.



## COURT LEAVE



An employee is entitled to paid time off without charge to leave for service as a juror or witness. An employee is responsible for informing his or her supervisor if he or she is excused from jury or witness service for 1 day or more or for a substantial part of a day. To avoid undue hardship, an agency may adjust the schedule of an employee who works nights or weekends and is called to

jury duty. (If there is no jury/witness service, there is no court leave. The employee would be charged annual leave, sick leave, or leave without pay, as appropriate.)



### Jury Duty

An employee who is summoned to serve as a juror in a judicial proceeding is entitled to court leave.

### Witnesses

An employee who is summoned as a witness in a judicial proceeding in which the Federal, State, or local government is a party is entitled to court leave.



### Official Duty

An employee who is summoned as a witness in an official capacity on behalf of the Federal Government is on official duty, not court leave.

### Fees/Expenses

Employees must reimburse to their agency fees paid for service as a juror or witness. However, monies paid to jurors or witnesses which are in the nature of "expenses" (e.g., transportation) do not have to be reimbursed to the agency.

### References

5 U.S.C. 6322, 5537, and 5515 Comptroller General opinions: 26 Comp. Gen. 413 (1946)--return to work site 38 Comp. Gen. 142 (1958)--official duty status 52 Comp. Gen. 325 (1972)--private party suit B-214863 (07/23/84)--fees



## ROLLBACK OF CSRS AND FERS WITHHOLDINGS RATES

Begin with OPM has announced that P.L. 106-346, signed by the President on October 23, 2000, rolls back CSRS and FERS withholdings rates for all employees, other than Members of Congress, to those in effect before 1999. The new lower rates became effective on the first day of the first pay period beginning on or after January 1, 2001.

### EMPLOYEE WITHHOLDINGS

For your convenience, the following charts provide the CSRS and FERS withholding rates that will be effective on the first day of the first pay period beginning on or after January 1, 2001:

FULL CSRS	Withholding Rate (%)
"Regular" employees	7.0
Law enforcement officers, firefighters, Capitol police, Congressional employees, and nuclear materials couriers	7.5
Judges [ <i>Bankruptcy, U.S. Court of Appeals for the Armed Forces, U.S. Magistrates, and Court of Federal Claims</i> ]	8.0
Members of Congress	8.5

FERS AND CSRS OFFSET	Withholding Rate (%)
"Regular" employees	0.8
Law enforcement officers, firefighters, Capitol police, Congressional employees, nuclear materials couriers, and FERS-covered Air Traffic Controllers	1.3
Members of Congress and CSRS offset-covered Judges [ <i>Bankruptcy, U.S. Court of Appeals for the Armed Forces, U.S. Magistrates, and Court of Federal Claims</i> ]	1.8

### AGENCY CONTRIBUTIONS

P.L. 106-346 does not immediately reduce the agency contribution rate for CSRS-covered employees. Rather, the contribution rate for "regular" CSRS employees will remain 8.51 percent of basic pay through September 2002. Effective with the first day of the first pay period in October 2002, however, the CSRS agency contribution rates will be reduced to 0.5 percent above

the employee withholding rates. Then, on the first day of the first pay period in January 2003, the CSRS agency contribution rate will revert to that in effect before 1999

For your convenience, the following chart shows the CSRS agency contribution rates that are in effect currently, in October 2002, and in January 2003:

	CSRS Agency Contribution Rate (%)		
	Current	10/02	1/03
Regular employees	8.51	7.5	7.0
Law enforcement officers, firefighters, Capitol police, Congressional employees, and nuclear materials couriers	9.01	8.0	7.5
Members of Congress, Judges [ <i>Bankruptcy, U.S. Court of Appeals for the Armed Forces, U.S. Magistrates, and Court of Federal Claims</i> ]	9.51	8.5	8.0



## INSURANCE

FEHB Open Season closes. Wow! The ABC-C reports that from 14 November through 14 December there were 7,976 FEHB actions with a 14 January 2001 effective date. Of those 6,571 were handled by counselors, the majority of which were due to FEHB premium conversion, collection of dependent data, and assistance with PIN or POE. 2,752 TSP transactions were processed with an effective date of 14 January 2001. It would probably be impossible to gather statistics on the number of employees assisted by CPAC's in familiarizing themselves with EBIS and IVRS and other open season information – but the word is that there was a phenomenal effort in this area. There should be less counselor and CPAC assistance required as employee's become more familiar with the systems available to them for making elections during open season.



## SOCIAL SECURITY

Maximum earnings subject to Social Security Payroll tax. The maximum amount of earnings subject to the Social Security payroll tax will increase to \$80,400 for CY 2001. This is an increase from \$76,200 maximum for CY 2000. FERS and CSRS-Offset employees may be affected by this change if their pay exceeds the maximum in CY 2000.



## MOST COMMON QUESTIONS ABOUT FEDERAL RETIREMENT



Nearly all federal employees are covered by one of the two main government retirement programs - the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS). The two retirement systems have similar - and dissimilar - rules and features, but one thing they have in common is that they both prompt numerous questions from federal and postal workers, both those on the verge of retirement as well as employees in mid-career (or earlier).

### COMMON QUESTIONS :

*1. Should I provide a survivor benefit at retirement for my spouse?*

**Answer:** In most cases, yes, unless your spouse has sufficient assets of his/her own to continue with a comfortable lifestyle in the event of your post-retirement death. The answer to this question cannot be fully addressed without projecting assumptions about you and your spouse following your retirement. You give up a certain percentage portion of your annuity to provide a "survivor benefit" at retirement for your spouse. In some cases, private life



insurance bought before retirement with a "solid" insurance company may be a better way to provide a "survivor benefit." Always remember, however, that you must provide at least some survivor benefit at retirement to ensure that your spouse can continue your FEHBP coverage if you die first.

*2. What are my Thrift Savings Plan "withdrawal" options at retirement?*

**Answer:** You have numerous "withdrawal" options from your TSP-both before retirement and in retirement.

While you are still working:

- Loans can be made from funds you currently have on deposit in the TSP.

The interest rate is reasonable (i.e., the G Fund interest rate) and amounts can be borrowed for any purpose. These loans must be paid back at retirement.



- If you become disabled, you may make a total or partial withdrawal. There will be no 10% penalty, but there will be taxes due on the amount withdrawn.

- Withdrawals are allowed for hardship purposes.

- An age-based in-service withdrawal option was made available in 1997 to both

CSRS and FERS participants. If you are 59 ½ or older and are still working for the government, you are allowed a one-time full or partial withdrawal from your TSP before retirement. There would be no 10% penalty, but there would be taxes owed on the amount withdrawn, unless you roll your withdrawal over to an IRA. You can continue working for the government and if you are a FERS participant, the government will continue to match your TSP contributions.

At retirement or later:

At age 55 or older, you can begin making withdrawals from your TSP account with no 10% penalty but with taxes due on the amount withdrawn. Your basic withdrawal options include:

- Lump sum
- Periodic payments
- Total or partial rollover to IRA (no taxes or penalties)
- Annuity
- IRS calculation

At age 50 or older, you can make a withdrawal with no 10% penalty but taxes due on the amount withdrawn. Your option here is an annuity.

*3. Can I withdraw from my TSP before retirement?*

**Answer:** See above.

*4. Should I make a deposit for temporary time (noncareer appointment)?*

**Answer:** For CSRS participants, if no deposit is made, nondeduction service prior to 10/1/82 can be used for eligibility purposes; however, your annuity computation will be reduced by 10% of the deposit due. Similarly, if no deposit is made, nondeduction service after 10/1/82 can be used for eligibility; however, the time is not credited to your annuity computation. The deposit is 7% of basic pay plus interest.



For FERS participants, nondeduction service prior to 1/1/89 cannot be used unless a deposit is made. The deposit is 1.3% of basic pay, plus a variable market interest rate. However, FERS participants are not allowed to make deposits for nondeduction service after 1/1/89. Before you decide whether or not to make a deposit (where allowed by OPM), you need to go to your personnel office and request a computer printout that will show your annuity gain if you make the deposit or loss if you don't.

*5. Should I make a redeposit if I left the government and took my contributions out?*

**Answer:** For both CSRS and FERS participants, if contributions were never taken out, you can use those years for eligibility and your annuity calculation. If you're covered by CSRS and took your

contributions out, if you redeposit them plus interest, you can use those years for purposes of both eligibility and the annuity calculation (the amount of the redeposit would be the contributions you took out plus interest). If you do not redeposit these contributions and they applied to refunded service that ended before 10/1/90 and did not involve disability retirement or death in service, you will get credit for eligibility; however, your annuity will be actuarially reduced (based on your life expectancy). For a period of no-deposit refunded service after 9/30/90 that does not involve disability retirement or death in service, you will get credit for eligibility; however, you will not receive credit towards your annuity calculation.



FERS participants cannot get credit for FERS-contribution refunds they have received since redeposits of such refunds are not allowed after they are rehired as a FERS.

*6. Will my CSRS (not CSRS Offset) annuity be reduced by any Social Security benefit if I am eligible for social security at retirement?*

**Answer:** No. Only a CSRS Offset annuity would be reduced by the Social Security benefit earned as a federal employee at age 62 (if eligible for Social Security)

*7. Should I continue my FEHBP coverage after I sign up for Medicare?*

**Answer:** Medicare generally pays less than 50% of your bills once you are eligible at age 65. In most situations, people need a "supplement" to Medicare. Many individuals view their FEHBP coverage as a good "supplement" option, since they have the same choice of "carriers" in retirement as non-retirees, and the government (if they meet the qualification standards) pays the same premium percentage as it would if they were still employed.





**8. Can I enroll my present spouse under my FEHBP plan after I've retired?**

**Answer:** There are at least three occasions when a retiree can add a current spouse to his or her health insurance:

- (1) during any open season the retiree can change his/her enrollment from "self" to "self and family,"
- (2) the retiree loses coverage under FEHBP or another group insurance plan because, for instance, the plan has withdrawn from the FEHBP or the retiree moves outside of the plan's geographic area, and
- (3) the retiree's spouse loses his/her non-federal health insurance.

**9. Do I need government life insurance coverage (FEGLI) after retirement?**

**Answer:** This is part of "financial" planning. Your need for life insurance, in retirement, is based on a systematic projection of what your spouse or loved ones might need if you die during retirement. If you do have insurance needs and you are insurable, keep in mind that FEGLI is relatively expensive coverage. You might consider buying private life insurance long before retirement.



**10. I am a CSRS (or CSRS Offset) participant and have never heard of the Voluntary Contribution Program. What is it?**

**Answer:** It is a retirement-savings program available through OPM, which provides an additional retirement-income opportunity to those offered through the TSP and your CSRS (or Offset) annuity. Under the VCP plan, you are allowed (if you do not owe a deposit for a period of noncareer appointment or a redeposit) to contribute up to 10% of your "after tax" pay dollars into a special fund set up by OPM. All the interest you earn on your VCP contributions grows on a "tax deferred" basis. Your gains are taxed when you withdraw money from your VCP



account. At age 55, for every \$100 (interest and contributions) that you have in the fund, you will be eligible for an increase in your annuity of \$7.00 a year. The VCP's interest rate for 2000 is 5.875 %.

**11. I'm a FERS participant and won't be eligible for Social Security retirement benefits until age 62. What will I receive prior to age 62 as a substitute for social security?**

**Answer:** OPM has created a "special retirement supplement" which is available to most FERS participants who retire before age 62, including FERS-covered employees who retire: at the minimum retirement age (MRA) with 30 or more years, at age 60 with 20 or more years, or through an "involuntary" retirement when they reach the MRA. This retirement supplement is calculated on the Social Security benefit you earned as a government employee. At age 62, when you become eligible for Social Security, this "supplement" ends. Like Social Security benefits, this supplement is subject to an earnings test. Law enforcement officers, firefighters, and air traffic controllers do not have an "earnings test" applied to their special supplement until they reach the MRA.



**12. Do I need to make a deposit for "post-56" military service as a CSRS participant to use the time as Creditable Service?**

**Answer:** If you're covered by CSRS and were hired before 10/1/82, and become eligible for social security benefits at age 62, and if there is no deposit made, the military years may be used for eligibility and annuity computation until age 62, then the military years are dropped from the annuity calculation from age 62 on.

**13. Should I apply for my Social Security benefit at age 62 or wait until age 65?**

**Answer:** If your "full" Social Security retirement age is age 65, you will receive a 20% lower benefit if you apply for it at age 62. This is a permanent reduction. Wisely or

unwisely, some people prefer to take a reduced benefit at age 62 and then by various schemes, such as investing in the "market," they hope to make up the reduction, plus more.

*14. As a FERS participant, should I plan on making a deposit for my military service to use that time as creditable service?*

**Answer:** In most cases, it behooves FERS participants to "buy back" military time for their civilian service annuity. (However, be careful about "waiving" military retirement pay in order to "buy back" military service, since it's important to calculate the trade-offs first.)

*15. Can a CSRS (or CSRS Offset) participant use unused sick leave to become eligible for retirement?*

**Answer:** No, CSRS and CSRS Offset workers cannot use unused sick leave to meet the length of service requirement for becoming eligible for retirement. However, at the point they retire, they can use an unlimited amount of accrued sick leave in the calculation of their retirement annuity.



*16. Will I pay taxes on my annuity?*

**Answer:** Yes, both CSRS and FERS participants must pay taxes on most of their annuity payments. Determining the proper amount of taxes is a complicated calculation, the basic requirements of which are outlined in IRS Publication 721.

*17. Do I need a will if I am young and in the early stages of my career?*

**Answer:** Possibly, because you may want to name a guardian for your minor children or make sure your assets pass to the right people.

*18. How much income will I "need" at retirement?*

**Answer:** A "rule of thumb" might be: If you retire and are still paying on your mortgage, you may need approximately 80%

of the "gross" income you were living on before retirement. If you retire with "no" debt, you may need approximately 60% of the "gross" income you were living on before retirement.

*19. How do I find a good consultant in my area, to help me with my retirement planning?*

**Answer:** The best way is referrals (e.g., asking your co-workers).

*20. Are CSRS participants eligible for any Social Security retirement benefits at age 62?*

**Answer:** It depends on their employment record. If you have 40 coverage quarters (credits), you will receive a social security retirement benefit at age 62. However, it may be reduced by the Windfall Elimination Provision, unless you also have 30 years of "substantial earnings" under Social Security.



## ARTICLES FOR BULLETIN

If you have any suggestions on topics or issues that you would like addressed in future bulletins, please submit them to one of the following:

1. Civilian Personnel Advisory Center  
ATTN: Bill R. Chance
2. [romerok@polk-emh2.army.mil](mailto:romerok@polk-emh2.army.mil)
3. Call 531-4020/4708

Suggestions will be reviewed and addressed if at all possible.

//ORIGINAL SIGNED//  
DONALD R. MALLETT  
Director, Civilian Personnel  
Advisory Center

